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F A C T S
ADDRESSED TO THE
SERIOUS ATTENTION
OF THE
PEOPLE OF GREAT BRITAIN
RESPECTING THE
EXPENCE OF THE WAR,
AND THE
STATE OF THE NATIONAL DEBT.

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|         |                  |      |
|---------|------------------|------|
| —————   | Flagitio additis |      |
| Damnum. |                  | Hor. |

By *WILLIAM MORGAN, F. R. S.*

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## P R E F A C E.

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IN the following tract I have confined myself entirely to an examination of the effects which the war has already produced on the *finances* of this country; and I think it will appear that the expenditure of the last three years has added so enormously to the national debt, that if the same unexampled dissipation of the public treasure be continued much longer, it must inevitably terminate in bankruptcy and ruin.

I have not entered into a description of the carnage and the miseries by which this war has been so peculiarly distinguished, and which must sicken every friend of humanity, well knowing that considerations of this kind seldom influence the councils of statesmen, or

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even sufficiently rouse the indignation of a people. While the ravages of war are spreading death and desolation at the distance of a thousand miles they are but little regarded. Misfortune must make very near approaches to the great mass of mankind before it excites their alarm. It must press immediately upon themselves before they seriously begin to feel for the miseries of their fellow creatures. In whatever detestation, therefore, I may hold this war both in regard to its principle and the manner in which it is conducted, I have chosen to appeal to the lower passion of self-interest, rather than to the sublime feelings of humanity; being convinced, notwithstanding this country may boast of as many good men as any other, that this is the only means of awakening an effectual opposition to the present system.

I have been much indebted, in the composition of this work, to a pamphlet bearing the same title, which was published during the American war by Dr. *Price*, and another

learned and eminent patriot who is still living; and I had once intended to have divided it into the same general heads of the “ King’s Civil List,” “ The Chancellor of the Exchequer’s Civil List,” “ The first Lord of the Admiralty’s Civil List,” &c. But the loss of our property is not the only loss we have sustained by the present war, and therefore whoever reads that admirable pamphlet, will soon perceive that it was more expedient at this time to adopt a different plan. Having no other wish than to promote the happiness and liberty of this country, I am anxious only to expose the error and misconduct of ministers so far as to awaken the public attention to the calamities with which we are endangered; being satisfied that, when these are clearly seen and understood, the authors of them will be sufficiently reprobated without the trouble of *expatiating* on their wickedness and incapacity.

January 28th, 1796.

FACTS,



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# F A C T S,

&c.

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## SECTION I.

*On the* EXPENCE *of the Present War.*

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WHATEVER difference of opinion may be entertained respecting the *justice* and *necessity* of the present war, there can be none in regard to the enormity of the expence with which it is attended. Compared with every other war in which this country has been involved, it will appear to be so ruinous, as hardly to admit of any provocation sufficient to justify the evils which it has already produced. We are said to be contending for all

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that is most important to property, social order, and the religion of mankind, and are called upon to sacrifice every other interest rather than not succeed in attaining these objects. But have not wars, so far from improving, always been found to destroy the property of the nation ; and have not the crusades which have hitherto been carried on in the name of religion\* invariably disgraced and ruined the cause they professed to maintain ? The consequences of this war may possibly be different ; although its warmest advocates must acknowledge that the prospect at present is neither encouraging nor consolatory. Feeling, however, no disposition to enter upon this part of the subject, I mean only to state a few facts concerning the public expenditure for the last three years, being satisfied that if these do not impress the reader, it would be in vain for me to attempt it by arguments of any other kind.

It is a melancholy truth, that every war in which we have been engaged for the last century has uniformly proved more expensive than any that had preceded it. But the Ame-

\* This, I believe, is the first crusade for social order.

rican war was so peculiarly distinguished in this respect, as to create an opinion that we had then arrived at the highest point of profusion, and that neither the credit nor the resources of the country could survive a repetition, much less an aggravation of this evil. The experience, however, of the last three years has shewn this opinion to have been ill-founded, and that the limits of our expenditure were at a much greater distance than the extravagance and dissipation even of that war had taught us to place them. Of this fact no doubt can be entertained by any person who is in the least acquainted with public affairs; and the following statements are given, not with the view of proving what is already so well known, but in order to point out the enormous magnitude of the sum by which the expences of the four\* first years of the present war have exceeded those of the same term in the American war.

\* This is said on the supposition that the supplies for the next campaign are provided for.

*War Establishment according to the  
Estimates of Lord NORTH.*

(In the Year 1776.)

|          | £.                | Total.    |
|----------|-------------------|-----------|
| Navy     | 3,227,056         |           |
| Army     | 3,462,282         |           |
| Ordnance | 472,827           |           |
|          | <u>          </u> | 7,162,165 |

(In the Year 1777.)

|          |                   |           |
|----------|-------------------|-----------|
| Navy     | 4,210,305         |           |
| Army     | 3,773,592         |           |
| Ordnance | 592,817           |           |
|          | <u>          </u> | 8,576,714 |

(In the Year 1778.)

|          |                   |           |
|----------|-------------------|-----------|
| Navy     | 4,001,895         |           |
| Army     | 4,859,107         |           |
| Ordnance | 683,300           |           |
|          | <u>          </u> | 9,544,302 |

(In the Year 1779.)

|          |                   |            |
|----------|-------------------|------------|
| Navy     | 4,589,069         |            |
| Army     | 5,913,081         |            |
| Ordnance | 917,374           |            |
|          | <u>          </u> | 11,419,524 |

Amount of the Estimates for four  
Years — £.36,702,705

*War Establishment according to the  
Estimates of Mr. PITT.*

(In the Year 1793.)

|          | £.                | Total.    |
|----------|-------------------|-----------|
| Navy     | 3,971,915         |           |
| Army     | 3,993,715         |           |
| Ordnance | 783,767           |           |
|          | <u>          </u> | 8,749,397 |

(In the Year 1794.)

|          |                   |            |
|----------|-------------------|------------|
| Navy     | 6,340,000         |            |
| Army     | 5,525,000         |            |
| Ordnance | 1,345,000         |            |
|          | <u>          </u> | 13,210,000 |

(In February 1795.)

|          |                   |            |
|----------|-------------------|------------|
| Navy     | 6,315,523         |            |
| Army     | 11,036,967        |            |
| Ordnance | 2,321,011         |            |
|          | <u>          </u> | 19,673,501 |

(In December 1795.)

|          |                   |            |
|----------|-------------------|------------|
| Navy     | 7,072,000         |            |
| Army     | 9,600,000         |            |
| Ordnance | 1,744,000         |            |
|          | <u>          </u> | 18,416,000 |

Amount of the Estimates for four  
Years — £.60,048,898

Neither of these sums include the votes of credit, miscellaneous services, &c. which being nearly in the same proportion to each other as the above estimates, do not affect the conclusion to be drawn from this statement—  
“ That the expences of the four first years  
“ of the present war are *two-thirds* greater  
“ than

“ than those of the four first years of the most  
 “ extravagant war in which this country had  
 “ ever been engaged.”\* Had the comparison been made with the expenditure of other wars, the result would have been much more striking.† But it is to be observed, that the present year has produced the new phænomenon of *two* budgets, and therefore in order to give a full and adequate idea of the expence of this war compared with that of the American, it will be necessary to state the whole amount of the debt incurred by both wars during the same period from their commencement.

As the expences of the next campaign are said to be provided for by the loan in December last, I shall in this account give the whole of the debt incurred from the year 1776

\* If the year 1775 had been taken as the first year of the American war, the excess would have been still greater.

† In the year 1704, which was distinguished by the battle of Blenheim, the capture of Gibraltar, and other victories, Lord Godolphin’s estimates, as laid before Parliament, were,

|               |   |           |
|---------------|---|-----------|
| for the Navy, | - | 2,693,135 |
| — Army,       | - | 1,801,005 |
| — Ordnance,   |   | 153,000   |

£.4,647,140 which is not *one-fourth* the amount of the estimates for the last campaign.

to

to 1780, which includes an equal number of campaigns with the present war, admitting even, against all probability, that the expences of the next campaign will not exceed the provisions which have been made for them by the last loan.

*Debt*

*Debt incurred by the American War, from the Year 1776 to 1779 inclusive.*

|                                                             | Principal.<br>£. | An. Interest.<br>£. |
|-------------------------------------------------------------|------------------|---------------------|
| Stock in the 3 per cents. in 1776                           | 2,150,000        | 64,500              |
| Ditto — 1778                                                | 6,000,000        | 180,000             |
| Ditto — 1779                                                | 7,000,000        | 210,000             |
| Stock in the 4 per cents. in 1777                           | 5,000,000        | 200,000             |
| An Annuity of 25,000l. for ten Years, in 1777, worth then — | 192,500          | 25,000              |
| Ditto of 150,000l. for 30 Years in 1778, worth then —       | 2,305,860        | 150,000             |
| Ditto of 262,500l. for 29 Years in 1779, worth then —       | 3,974,510        | 262,500             |
| <i>Funded Debt and its Interest</i>                         | 26,622,870       | 1,092,000           |

*Unfunded Debt.*

|                                          | £.         |
|------------------------------------------|------------|
| Navy Debt                                | 8,000,000  |
| Extraordinaries of the Army              | 3,100,000  |
| — of the Ordnance                        | 550,000    |
| Exchequer Bills                          | 3,400,000  |
| Debt of the Sinking Fund                 | 700,000    |
| <i>Deduct Unfun. Debt before the war</i> | 15,750,000 |
| <i>Whole addit. to the Unfund. Debt</i>  | 12,650,000 |

*Debt incurred by the Present War from the Year 1793 to 1796 inclusive.*

|                                                              | Principal.<br>£.                           | An. Interest.<br>£. |
|--------------------------------------------------------------|--------------------------------------------|---------------------|
| Stock in the 3 per cents. in 1793                            | 6,250,000                                  | 187,500             |
| Ditto — in 1794                                              | 11,000,000                                 | 330,000             |
| Ditto — in Feb. 1795                                         | 18,000,000                                 | 540,000             |
| Ditto — in Dec. 1795                                         | 26,100,000                                 | 783,000             |
| Stock in the 4 per cents. in 1794                            | 2,750,000                                  | 110,000             |
| Ditto — in Feb. 1795                                         | 6,000,000                                  | 240,000             |
| Navy debt funded in the 5 per cents. in 1794                 | 1,949,330                                  | 97,466              |
| Ditto — in 1795                                              | 2,012,040                                  | 100,602             |
| An annuity of 62,792l. for 66 years in 1794                  |                                            | 62,792              |
| Ditto of 85,500l. for 65 do. Feb. 1795                       |                                            | 85,500              |
| Ditto of 58,500l. for 64 do. Dec. 1795                       |                                            | 58,500              |
| <i>Whole ann.</i>                                            | 206,792l. worth, at 4l. 13s. 6d. per cent. | 4,288,900           |
| <i>Emperor's loan in the 3 per cents. in 1795</i>            | 78,350,276                                 | 2,595,360           |
| <i>Ditto an ann. of 230,000l. in ditto, worth</i>            | 3,833,333                                  | 115,000             |
|                                                              | 3,320,441                                  | 230,000             |
| <i>Funded debt and its interest, exclusive of management</i> | 85,504,044                                 | 2,940,360           |

[Debt incurred during the American War continued.]

|                                                                                                                                                      | Principal.<br>£. | An. Interest.<br>£. |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|
| Additional Shilling in the Pound Land Tax for four Years, at 450,000 <i>l.</i> <i>per ann.</i> which before this war was at 3 <i>s.</i> in the Pound | 1,500,000        |                     |
| Peace surplus in the revenue before the war, and applied to the expenses of the war, reckoned at 750,000 <i>l.</i> <i>per ann.</i>                   | 3,000,000        |                     |
| Probable expenses if the war had terminated in 1779, for pay of troops, &c.                                                                          | 3,500,000        |                     |
|                                                                                                                                                      | <hr/>            |                     |
| Funded Debt                                                                                                                                          | 8,300,000        | 1,092,000           |
| Unfunded Debt, and interest at 5 <i>per cent.</i>                                                                                                    | 26,622,870       | 506,000             |
|                                                                                                                                                      | <hr/>            |                     |
| Total of the debt and the annual expense attending it, exclusive of management                                                                       | 47,572,870       | 1,598,000           |
|                                                                                                                                                      | <hr/>            |                     |

[Debt incurred during the Present War continued.]

|                                                                                               | Unfunded Debt. | Principal.<br>£. | An. Interest.<br>£. |
|-----------------------------------------------------------------------------------------------|----------------|------------------|---------------------|
| Navy debt                                                                                     | —              | 5,000,000        |                     |
| Vote of credit for the extraordinaries of the army and navy                                   | —              | 4,000,000        |                     |
| A debt not paid by the East India Company, but taken as part of the supplies in 1794 and 1795 | —              | 1,000,000        |                     |
| Exchequer bills                                                                               | —              | 6,000,000        |                     |
|                                                                                               | <hr/>          |                  |                     |
| Unfunded debt and interest at 5 <i>per cent.</i>                                              | —              | 16,000,000       | 800,000             |
| Funded debt and interest                                                                      | —              | 85,504,044       | 2,940,360           |
|                                                                                               | <hr/>          |                  |                     |
| Total of the debt and the annual expense attending it, exclusive of management                | —              | 101,504,044      | 3,740,360           |
|                                                                                               | <hr/>          |                  |                     |

The probable expences which cannot immediately cease with the termination of the war, and which have been estimated in the account of the American war, together with the bounty on corn, may be fairly placed against so much of the unfunded debt as was incurred previous to hostilities, and therefore the whole expence of the present war, which commenced only in Dec. 1792, already exceeds 100 millions, exclusive of the new loan of three millions, which it is intended to allow the Emperor to borrow in this country for the ensuing campaign. In other words, the debt incurred by the present war is more than *double* the debt incurred during the same period by a war which was then represented with truth to be the most expensive that had ever been carried on by this country.

Were the progress of our expences to be traced during the several wars in which we have been engaged for the last century, we should find it uniformly accelerating in every department. We should find the accounts of the navy, the army, and the ordnance, as if proud of keeping pace with each other and surpassing those that have preceded them continually increasing in the enormity of their

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amount. But the limits which I have assigned to this treatise will not allow me to enter into a minute detail of these particulars, and therefore I shall confine myself to one article, which may perhaps be sufficient to give the reader a proper idea of the rest.

*Ordnance Estimates voted in the Years*

|                  | £.        |       | £.             |       | £.        |
|------------------|-----------|-------|----------------|-------|-----------|
| 1756             | 299,157   | 1776  | 472,827        | 1793  | 783,767   |
| 1757             | 437,622   | 1777  | 592,817        | 1794  | 1,345,000 |
| 1758             | 391,307   | 1778  | 683,299 (Feb.) | 1795  | 2,321,011 |
| 1759             | 544,277   | 1779  | 917,373 (Dec.) | 1795  | 1,744,000 |
| <hr/>            |           | <hr/> |                | <hr/> |           |
| Total in 4 years | 1,672,863 |       | 2,666,316      |       | 6,193,778 |
| <hr/>            |           | <hr/> |                | <hr/> |           |

From this statement we may perceive the progressive increase of the ordnance estimates. In the American war they were *one half* greater than in the preceding war. In the present they are more than *double* what they were in the American war: nay, in the last year\* alone they were nearly equal to their whole amount in the first four years of the Ameri-

\* The ordnance estimates in this year were more than half the amount of Lord *Godolphin's* estimates for the whole of the war establishment in 1704, and in the present year they fall very little short of the whole of the army estimates in that memorable year. (See Note, page 5.)

can war: and in the present year they are more than equal to the whole amount of the first four years of the preceding one. In the army and navy the expenditure has increased in the same proportion. Nor is the evil confined to these important departments only. In every inferior department it has proceeded with an equal pace: even the secret service money, which in the war of 1755 was £.44,000 *per ann.* and which had increased in the American war to £.86,000 *per ann.* amounted in the last year to the stupendous sum of £.151,000! But it is unnecessary to enter further into particular instances. The accounts which I have given of the debts already incurred by this war afford sufficient proof of its exceeding all others in expence. Whether these debts have been compensated by the value of our conquests in *Corfica*, *L'Isle Dieu*, and elsewhere—or whether the public money has been expended with œconomy and wisdom, are matters of doubt with some persons, but entirely foreign to my purpose, and for this reason I shall not enter upon them. My design in this treatise is not to examine the operations of the *war* minister, but those of the minister of *finance*. Instead

therefore of inquiring into the manner in which the public money has been *expended*, I shall now inquire into the manner in which it has been *borrowed*.

## SECTION II.

*On the LOANS in the present War.*

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HAVING in the foregoing section exhibited the enormous amount of the expenditure in the last three years, it may be necessary here to add, that this has been done by an administration which at its commencement had assumed to itself the greatest merit in *reducing* the public debts. From such an administration, therefore, it will be naturally expected that the money has been raised towards providing for this expenditure by borrowing on the most frugal terms, and that care has been taken that no needless addition has been made to the capital of a debt which had alarmed the nation by its magnitude long before this expenditure had become necessary. It has been very justly objected to Lord *North's* loans, that they were chiefly made in a stock which bore a *low* interest, by which means  
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the capital of the public debt was increased in a much greater proportion than it would have been, had they been made in a stock which bore a higher interest.

The following comparison of the loans made in the four first years of the American war, and those which have been made in the present war, will shew how far Mr. *Pitt* has corrected the errors of his predecessor.

| <i>Borrowed in</i>   |                                                                  | <i>Cash received.</i>    |
|----------------------|------------------------------------------------------------------|--------------------------|
| £.                   |                                                                  | £.                       |
| 1776,                | 2,150,000 Stock in the 3 per cents, at 85 per cent.              | 1,827,500                |
| 1777,                | 5,000,000 Stock in the 4 per cents, at 95 per cent.              | 4,750,000                |
| 1778,                | 6,000,000 Stock in the 3 per cents, at $66\frac{1}{2}$ per cent. | 3,990,000                |
| 1779,                | 7,000,000 Ditto at 60 per cent.                                  | 4,200,000                |
| <hr/>                |                                                                  | <hr/>                    |
| 20,150,000 Capital   |                                                                  | Cash received 14,767,500 |
| <hr/>                |                                                                  | <hr/>                    |
| 1793,                | 6,250,000 Stock in the 3 per cents, at 72 per cent.              | 4,500,000                |
| 1794,                | 11,000,000 Ditto at $67\frac{1}{2}$ per cent.                    | 7,425,000                |
| 1794,                | 2,750,000 Stock in the 4 per cents, at 84 per cent.              | } 7,110,000              |
| 1795,                | 6,000,000 Ditto at 80 per cent.                                  |                          |
| Feb. 1795,           | 18,000,000 Stock in the 3 per cents, at 62 per cent.             | 11,160,000               |
| Dec. 1795,           | 26,100,000 Do. at 66 per cent.                                   | 17,226,000               |
| <hr/>                |                                                                  | <hr/>                    |
| 70,100,000 Capital † |                                                                  | Cash received 47,421,000 |
| <hr/>                |                                                                  | <hr/>                    |

It appears from this account, that Lord *North* for receiving the sum of £.14,767,500 added to the capital £.5,382,500 more than the money advanced, and that Mr. *Pitt* for the sum of £.47,421,000 has added to the capital £.22,679,000 more than the money

\* The average price of this stock in those years.

† Exclusive of the Emperor's loan.

advanced,

advanced, which ought not to have exceeded £.18,725,000 had he borrowed even upon no better plan than his predecessor. If the Emperor's loan in the three *per cents* be added to the above account, the capital in this case will be £.73,933,000 and the sum received £.49,568,000, which will make the excess of the former above the latter equal to £.24,365,000. During the whole course of the American war, Lord *North* funded £.73,400,000 in the three and four *per cents*, for which the sum of £.47,968,000 was advanced. Mr. *Pitt* therefore in the four first years of the present war does not seem to have borrowed money on much better terms than Lord *North* did during the whole term of the American war; the one having created a needless capital of twenty-four millions and a half nearly on a sum of £.49,568,000, the other having created a needless capital of twenty-five millions and a half on a sum of £.47,968,000. But if this war be protracted, the terms of the loan must necessarily become worse and worse, so that by the time it has continued as long as the former war, it will be well if the capital of the debt increases only *twice* as fast as the money is advanced. By adopting the  
ruin-

ruinous method of borrowing in the three per cents, Mr. Pitt has, in this instance at least, relinquished the principles with which he commenced his administration. He was then aware that the redemption of the public debts was facilitated by the conversion of this stock into another bearing a higher interest, and submitted a plan for that purpose to the consideration of Dr. Price.\* If the debts be redeemed with greater ease in a stock bearing a high interest, they must necessarily accumulate faster by borrowing in a stock bearing a low interest. This is the stock, however, in which the Minister has chosen to make the principal part of all his loans, but particularly the last, which almost wholly consists of it. In that loan eighteen millions have been borrowed by creating a capital of £.26,100,000 stock in the three per cents, and granting an annuity for 64 years of £.58,500, which, reckoning interest according to the rate at which this money was raised, is worth £.1,212,000. If these two sums be added, their amount will be equal to £.27,312,000,

\* See my Review of Dr. Price's writings on the finances of Great Britain, p. 19, &c.

which

which is just *one half* greater than the money received; that is, for every £.100 received in money, the public debts are increased £.150. Had this money been raised in the *four per cents*, by granting £.120 stock for every £.100 advanced, the capital would have been increased only to £.21,600,000, and the interest in both cases would have been very nearly the same. For according to the present terms, the public creditor for every £.100 advanced, is allowed an annuity of 6s. 6d.—£.145 stock in the three *per cents* (the interest of which is 4l. 7s.) and also a drawback in proportion of 1l. 10s. to £.120 stock in the three *per cents*, amounting to 1l. 16s. 2d. which is nearly equivalent to 2s. *per annum* in the long annuities. These three sums, 6s. 6d.—4l. 7s. and 2s. amount together to 4l. 15s. 6d. which is within *six-pence per cent.* of the interest on £.120 stock in the four *per cents*. In other words, by borrowing this year in the three *per cents*, rather than in the four *per cents*. Mr. Pitt has saved £.4500 *per ann.* on the whole loan, which is worth about £.100,000, but has created a needless capital of more than five millions and a half.—I say *needless capital*, for certainly, if the commissioners, instead of

confining themselves to the three *per cents* had occasionally purchased in the four *per cents* (and which they ought to have done) that stock would have so risen in value as to have enabled the Minister to have borrowed even upon better terms than I have stated. There cannot be a stronger proof of this than the sudden rise in that stock produced by the commissioners purchasing in it for a few days just before the opening of the loan. A common observer might have been led to infer from this circumstance, that the Minister, aware of the bad consequences of borrowing in the three *per cents*, had resolved to change his plan, and had taken this course in order to facilitate his operations, and render them more advantageous to the public. But the plans and operations of Ministers of state do not lie open to common observers. The loan, as is well known, was made in the three *per cents*, which being depressed by this sudden and temporary change in the conduct of the commissioners, contributed, with other circumstances equally curious though not perhaps so unaccountable, to render this loan one of the most distinguished for its extravagance of all the loans that have ever been made in this country.

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Thus then it is evident that the expences of the war have not hitherto been rendered less enormous by any wisdom or œconomy in raising the money to provide for them. On the contrary, the profusion in *borrowing* seems to keep pace with the profusion in *expending*, and the public debt, which terrified the nation by its magnitude when it approached to fifty millions, has in ten months received even an addition which greatly exceeds that sum. If the debts be increasing at this rate, it will naturally be asked, “to what stupendous “ amount must the whole mass of them have “ accumulated by this time?” This is a question of the utmost importance to the interest and happiness of the country, and the following section will be employed in the solution of it.

## SECTION III.

*On the NATIONAL DEBT.*

*Amount of the Funded Debt on the 1st of January, 1796, which had been incurred previous to the Year 1784.*

|                                                                                                                                                                  | Principal.<br>£. | Interest &<br>Managem.<br>£. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------|
| 80,202l. Exchequer annuities, of which nine years remain unexpired, value —                                                                                      | 618,437          | 80,202                       |
| Annuities for Lives, with benefit of survivorship, granted by 5 Geo. III. — —                                                                                    | 18,000           | 540                          |
| Life Annuities granted in the years 1745, 1746, 1757, and 1782, which, in 1782, were 64,574l. but now supposed to be 52,000l. valued at eight years purchase — — | 416,000          | 52,000                       |
| 688,029l. Long Annuities for 64 years                                                                                                                            | *14,323,000      | 688,029                      |
| Stock in the 4 per cent. Consolidated Bank Ann.                                                                                                                  | 32,750,000       | 1,324,737                    |
| 408,880l. Short Annuities for 12 years —                                                                                                                         | 3,895,800        | 408,880                      |
| Stock in the 5 per cent. Bank Annuities                                                                                                                          | 17,869,994       | 901,541                      |
| Bank Stock — —                                                                                                                                                   | 11,686,800       |                              |
| Reduced Bank Annuities — —                                                                                                                                       | 41,540,074       |                              |
| Consolidated Bank Annuities — —                                                                                                                                  | 107,399,696      |                              |
| Annuities borrowed in 1726 — —                                                                                                                                   | 1,000,000        |                              |
| South Sea Annuities — —                                                                                                                                          | 24,065,084       |                              |
| Ditto borrowed in 1751 — —                                                                                                                                       | 1,919,600        |                              |
| Whole amount of the capital and interest of the 3 per cent. — — —                                                                                                | 187,611,254      | 5,714,434                    |
| Total — —                                                                                                                                                        | 257,502,485      | 9,170,363                    |

\* These and the Short Annuities are computed at the same rate of interest as the 3 per cents. produce when they are at 64, which was the interest allowed by the Chancellor of the Exchequer on his last loan.

*Additions*

*Additions to the Funded Debt since the Year 1788.*

|                                                                           | Principal.  | Interest & Managem. |
|---------------------------------------------------------------------------|-------------|---------------------|
| £.                                                                        | £.          | £.                  |
| Borrowed on a tontine in 1789                                             | 1,002,140   | *43,000             |
| 14,001l. Sh. Ann. for 12 years, bor. 1789                                 | 133,392     | 14,001              |
| Stock in the 4 per cent. Consolidated                                     |             |                     |
| Bank Annuities, borrowed in 1794 2,750,000                                |             |                     |
| Ditto in ditto borrowed in 1795 6,000,000                                 | 8,750,000   | 353,938             |
| <i>Val. includ. Managem.</i>                                              |             |                     |
| 63,350l. Long Annuities borrowed in 1794 — — 1,314,000                    |             |                     |
| 86,251l. ditto borrowed Feb. 1795 1,789,000                               |             |                     |
| 58,980l. ditto borrowed Dec. 1795 1,220,500                               | 4,323,500   | 208,027             |
| Stock in the 3 per cent. Confol. Bank                                     |             |                     |
| Ann. borrowed in 1793 6,250,000                                           |             |                     |
| Ditto in ditto borrowed in 1794 11,000,000                                |             |                     |
| Ditto in ditto borrowed Feb. 1795 18,000,000                              |             |                     |
| Ditto in ditto borrowed Dec. 1795 21,600,000                              |             |                     |
| Ditto in the Reduced Bank Ann. borrowed in ditto — 4,500,000              | 61,350,000  | 1,868,108           |
| Navy Bills converted into 5 per cent.                                     |             |                     |
| Bank Ann. in 1794 — 1,949,330                                             |             |                     |
| Ditto ditto in 1795 — 2,012,040                                           | 3,961,370   | 199,849             |
| Total —                                                                   | 79,520,402  | 2,686,923           |
| Debt contracted prior to Jan. 1785 (see p. 20)                            | 257,502,485 | 9,170,363           |
| Whole of the funded debt and its interest                                 | 337,022,887 | 11,857,286          |
| Amount of the unfunded debt and its interest at 5 per cent. (see p. 8.) — | 16,000,000  | 800,000             |
| Emperor's loan, consisting of stock in the 3 per cent.                    | 3,833,333   | 132,200             |
| Ditto an annuity of 230,000l. for 25 years                                | 3,371,800   | 231,507             |
| Total of the national debt and its annual expence                         | 360,228,020 | 13,020,993          |

\* Taken at random, but probably below the truth.

With

With a debt of more than *three hundred and sixty millions*, and a war still raging which threatens to increase the amount with many millions in addition, is it possible to contemplate our situation without alarm? Or can the circumstance of our enemies being in the gulph of bankruptcy and ruin (even admitting it to be true) secure us against the danger arising from a perpetual accumulation of new debts and taxes? Our resources, great as they are represented to be, must inevitably fail if this system be continued; and when we are involved in the same ruin with our enemies, it can afford us but little consolation to reflect that they have plunged into the gulph before us.

This country has the greatest reason to lament, or rather to execrate those measures which have so often interrupted its peace for the last century. By the seven years war which begun in 1755, and ended in 1762, the public debts were increased above seventy-one millions. By the American war, which begun in 1775 and ended in 1783, they were increased above one hundred and twenty millions; and by the present war, which begun only three years ago, but which may not end  
till

till the next century, they have been already increased above one hundred millions; so that the interest and management of the debt, the money appropriated for the sinking fund, together with the civil list and other expences of government, even were peace concluded immediately, would require taxes to be raised annually to the amount of *twenty-two millions!*

I had observed on a former occasion,\* that the yearly rents of all the landed estates in the kingdom were not supposed to exceed eighteen millions, and therefore that they were not sufficient to pay the ordinary expences of government. The Chancellor of the Exchequer has lately maintained in the House of Commons that these rents amounted to twenty-five millions annually. I am unacquainted with the source from which he derives his information, though I am the less disposed to confide in its accuracy from his having chosen at the same time to assert, that the personal property of the nation exceeded 600 millions, without adducing either proof or argument in support

\* See the Appendix to my Review of Dr. Price's writings on the Finances of Great Britain, p. 14.

of his assertion ; and to estimate this and the landed property together at 1300 millions, without making any allowance for that part of the one which is invested in mortgage upon the security of the other, and which ought to have been deducted before the value of both kinds of property could have been stated with tolerable correctness. If it be considered that the land tax at four shillings in the pound, though charged not only upon lands and houses, but also upon *places* and *pensions* (which certainly have not declined of late) produces in general about £.1,900,000 *per annum*, it is highly probable that the Minister's estimate greatly exceeds the truth ; for two millions would not be more than sufficient to account for a rental of twenty millions annually, on the supposition even that this tax were assessed only in the proportion of *half* the sum which is voted by Parliament, and that the *growing produce* of the place and pension-list were totally excluded from the account. Admitting, however, the accuracy of Mr. *Pitt's* statements, and we have then the consolation to think that the taxes have not yet exceeded the annual produce of all the landed property in the kingdom, but that the war may be conti-

nued even at its present rate of expence,\* almost *fifteen months* longer before this will be effected.

Perhaps the hopes and expectations of some persons may be flattered with the idea that, though our debts are accumulating faster than ever, they are also discharged with increasing rapidity, and that the period must come when the operations of the sinking fund will relieve us from the greater part of the taxes with which we are now loaded. How far these hopes are well founded, and how soon they are likely to be realised, may possibly be inferred from the following section.

\* In February last taxes were laid to the amount of £.1,645,000, and in the following December other taxes were proposed to the amount of £.1,123,000, and yet the interest of many millions of the debt still remains to be provided for.

## SECTION IV.

*On the Progress which has hitherto been made  
in discharging the Public Debt.*

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IT appears from the statement in the foregoing Section (page 20) that the national debt in 1786, or at the time in which the consolidated fund was established for its redemption, exceeded 257 millions, and that this debt at the present time has increased to the enormous sum of 360 millions. Out of this latter sum, however, must be deducted the stock which has been purchased by the commissioners in the interval between the two periods above-mentioned, and the remainder will give the real amount of the national debt at this time, as well as shew the degree in which it has accumulated faster than it has been discharged. But as the purchases (with the exception of a few thousands) have always been made by the commissioners in the three *per cents*, it will be  
1
necessary,

necessary, before an accurate idea can be formed of the amount of the debt in 1786 compared with its present amount and with that part of it which has been redeemed, to convert the whole of the debt at these two periods into three *per cents*.

*Amount of the Debt in 1786, supposing it converted into 3 per cents.*

|                                          | Amount in<br>3 per cents.<br>£. |
|------------------------------------------|---------------------------------|
| Stock in the 3 per cents.                | —                               |
| 32,750,000l. * stock in the 4 per cents. | 187,611,254                     |
| 17,869,994l. stock in the 5 per cents.   | 43,666,666                      |
| 688,020l. Ann. for 64 years, worth       | 27,847,000                      |
| 14,323,000                               |                                 |
| 408,889l. Ann. for 12 years, worth       | 3,895,800                       |
| 89,822l. Exchequer Annuity, worth        | 618,437                         |
| Tontine granted by 5 Geo. III. worth     | 18,000                          |
| 52,000l. Life Ann. supposed to be worth  | 416,000                         |
|                                          | 19,271,237                      |
|                                          | 30,031,000                      |
|                                          | 289,155,920                     |
|                                          | 121,786,765                     |
|                                          | 410,944,685                     |

*Amount of the Debt in 1796, supposing it converted into 3 per cents.*

|                                          | Amount in<br>3 per cents.<br>£. |
|------------------------------------------|---------------------------------|
| Stock in the 3 per cents.                | —                               |
| 41,500,000l. * stock in the 4 per cents. | —                               |
| 21,831,364l. stock in the 5 per cents.   | —                               |
| 89,056l. Ann. for 64 years, worth        | 18,646,500                      |
| 422,001l. Ann. for 12 years, worth       | 4,029,192                       |
| 80,802l. Exchequer Annuity, worth        | 618,437                         |
| Tontine granted by 5 Geo. III. worth     | 18,000                          |
| Ditto in 1789, worth                     | 1,002,140                       |
| 52,000l. Life Annuities, supposed worth  | 416,000                         |
|                                          | 24,730,269                      |
|                                          | 38,538,000                      |
|                                          | 24,933,280                      |
|                                          | 3,833,333                       |
|                                          | 52,543,85                       |
|                                          | 410,944,685                     |

\* All these conversions are computed at 4l. 13s. 6d. *per cent.*; or on the supposition that this interest is made of money by investing money in the 3 *per cents.*

With the exception of the tontine and short annuities borrowed in 1789 (amounting together to 1,769,000 three *per cents.*) the whole of the above *difference*, exceeding 120 millions, has been added to the public debt since the commencement of the present war. By the addition of fresh taxes in consequence of every new loan, and by the annual appropriation of one million from the consolidated fund, about  $17\frac{1}{4}$  millions of the three *per cents.* have been redeemed since the year 1786; that is, the public debts have accumulated in three years to a sum which is *seven* times greater than the sum paid off in ten years, and compared with the whole amount of the debt at this present time, the stock redeemed is to the whole stock in the proportion of one to twenty-four nearly; so that during a course of ten years the national debt has been lessened about *ten-pence* in the pound! At this rate it is obvious that the total discharge of the public debt must be a tedious process. Supposing the war to be now ended, the sums appropriated for the sinking fund to be faithfully applied, a strict œconomy to be observed in all the expences of government, and the peace of the country to remain uninterrupted

for

for the next forty years, the amount of the public debt at the end of that period might, perhaps, be reduced to *one hundred and fifty millions*. But this prospect, dark and comfortless as it is, in our present circumstances is much too favourable. The termination of the war seems to be at as great a distance as when hostilities first begun. Instead of œconomy, therefore, an increased profusion in the public expences is likely to continue, and not only to add to the debt, but to produce an alienation of that fund whose operations without any such addition were already much too feeble for any useful purpose. What reason also have we to believe when the present war is concluded, (admitting even that its pretended objects are attained in the establishment of social order, religion, and morality) that this country shall be blessed with the undisturbed enjoyment of peace during the long interval of forty years? How much of the last forty years, or of those that preceded them, has been thus distinguished? I fear that the experience of those years will afford but a melancholy presage of what is to be expected in future. The Seven Years war—the American war—the Spanish and Russian armaments

ments—and the present war, form the history of the greater part of the last forty years. During this period almost every year has been marked with new impositions either to make up the deficiencies of the preceding, or to provide for the expences of an approaching war. By this means the short intervals of peace have had little or no effect in lessening the public burthens, and the nation has been invariably plunged into every new war with nearly the whole load of debt which had oppressed it in the preceding one. If, therefore, we reason from the experience of *former times*, we shall not be induced to place more confidence in the Minister's operations for redeeming the national debt, than if we confined our reasoning to the particular experience of *this* administration. I do not know even whether, considering all circumstances, it would not have been better that the sinking fund had never been established. If the debt had increased as it has done within these three years without any prospect of its being discharged, the nation perhaps might have been awakened into a sense of its danger, and long before this time have adopted effectual measures towards checking the growth and preventing

venting the pernicious consequences of this evil. But instead of this, it has been led to place its whole reliance on an impotent plan, and with the hope that this will operate as powerfully in redeeming, as a war does in increasing the public debt, it gives itself very little concern about the enormity of the amount to which this debt is accumulating. But these are delusions which, if persisted in, must terminate in ruin. It is indeed hardly possible to conceive of a credulity so absurd as that which can suppose a country to be in a state of always maintaining its credit, though its debts are increasing twenty times faster than they are discharged. Such, however, appears to be the case with this country at present, and it is to be feared that we shall learn wisdom only when it is too late to profit by its instructions.

## SECTION V.

*On the Management of the Sinking Fund.*


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THE plan which the Chancellor of the Exchequer has adopted for redeeming the national debt, is well known to be one of the three plans which at his request were communicated to him by Dr. Price in the year 1786,\* and, though originally the weakest of the three, has not only been mutilated and enfeebled by his alterations at its first establishment, but rendered still more ineffectual by subsequent neglect and mismanagement. In the original plan, the redemptions after the first three years were all supposed to be made either in the *four* or the *five per cents.*; and this supposition was founded on the principle that money might be improved at a higher interest in these stocks than in the *three per cents.*, and

\* See my Review of the Writings of Dr. Price on the Finances of Great Britain, Chap. ii.

of consequence that the debt would be discharged faster by confining to them the chief operations of the plan. But excepting at a time when it ought not to have been done (which was just before the opening of the last loan) no purchase hath ever been made in the *four per cents.* On the contrary, a preference has invariably been given to the *three per cents.*; by which means, though a larger capital appears to be redeemed, the reduction of the debt is in reality retarded.

When the *three per cents.* are at 70, and the *four per cents.* at 84, money is improved in the one at 4*l.* 5*s.* 9*d.* and in the other at 4*l.* 15*s.* 3*d.* *per cent.* If, therefore, one million were annually laid out during the term allotted for the sinking fund, or 26 years, in purchasing *three per cents.* at 70, and another million in purchasing *four per cents.* at 84, the capital redeemed in the former will be £.65,918,000, and in the latter, £.58,798,000. But the real value of the one is only £.46,142,500, and its interest £.1,977,540, while the real value of the other is £.49,390,200, and its interest, £.2,351,920. Hence it follows that, though greater progress *appears* to be made in discharging the national debt

by purchasing in the *three per cents.* (which, perhaps, may account for the preference given to this stock) yet that in fact this progress will be retarded, and the free revenue at the end of the term be less than it would have been if the purchases had been made in the *four per cents.* by £.374,380 *per annum.* But the price of the *four per cents.* has generally exceeded the price of the *three per cents.* in a much less proportion than that of 84 to 70: consequently the preference given to the latter has been injurious to the sinking fund in a much higher degree than I have stated it. In the year 1792 the *three per cents.* were at 96, while the *four per cents.* were only at 102; and yet the Chancellor of the Exchequer persisted in the same course, and chose to improve the public money at little more than £.3 *per cent.* when he might have improved it with equal ease at £.4 *per cent.* But by neglecting the opportunity which the peculiar state of the funds then offered, the loss was much greater than what followed from the mere accumulation of compound interest. When the *three per cents.* had risen to 96, they were within £.4 of being at par, and within £.6 of the price of the *four per cents.* taking the latter

at 102. It might therefore have been proposed to the holders of stock in the *four per cents.* either to pay them at par, (which in this particular case might have been worth while to have done by a fresh loan) or to have allowed them for each £.100 in that stock, £.100 in the *three per cents.* together with an annuity of £.1 for seven years. This being worth £.6, and added to £.96, the value of £.100 in the *three per cents.* amounted to £.102; which would have placed the holders of both stocks exactly in the same situation: nor is there a doubt but that it would have been accepted. By this means the public, at the end of seven years, would have been put into the possession of a free revenue of £.1 *per cent.* on £.32,750,000, or £.327,500 *per annum.* The value of this annuity for ever after the expiration of the above term, and reckoning interest at *four per cent.* (which is more than could have been made of money in 1792) is £.6,222,500. It is evident, therefore, that, by a neglect the most inexcusable, the Minister has lost to the public in this single instance above *six millions.* Let this be added to the present value of the deficiency in the free revenue after 26 years, in consequence of purchasing

chasing always in the *three per cents.* rather than in the *four per cents.* and the amount of the whole loss will exceed *ten millions !*

Such are the Minister's operations of finance in regard to the sinking fund, or rather in *discharging* the public debt. What they are in *accumulating* this debt has already appeared in the foregoing sections. In both cases they are without a parallel ; but the operations in the former are conducted on a scale so much more contracted than those in the latter, that I am apprehensive of appearing to trifle with the reader by dwelling so long upon them.

## SECTION VI.

*Miscellaneous Observations.*


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FROM the first establishment of the consolidated fund in 1786, the expenditure has invariably exceeded the revenue ; but more particularly since the commencement of the present war. The deficiencies in the six years preceding the war amounted to seven millions nearly, which were supplied by loans and extraordinary receipts.\* In the last three years, though additional taxes have been laid to the amount of four millions, these deficiencies have constantly increased, so as in the present year to fall very little short of two millions. It is probable, therefore, that annual loans will become necessary in future to provide for the ordinary expences of a peace

\* See my Review of Dr. Price's Writings on the Finances of Great Britain, Chap. iii.

establishment ; and these loans, by requiring new taxes, will produce further deficiencies, so that by borrowing each year, not only to pay the deficiencies of the preceding year but also the interest on the deficiencies in former years, the national debt will be increasing at compound interest in the same manner as it is reduced, but with this alarming difference, that the operations in the one case are ten times more powerful than in the other.

If these are likely to be the effects of the public debt with the expenditure only of a *peace* establishment, or on the supposition that the war were immediately closed, what must be the consequences of obstinately persisting in a system of profusion, which, if long continued, would ruin any country, however unimpaired its strength and resources.

That the deficiency in the revenue proceeds chiefly from the distressed and overburthened state of the nation is self-evident : but it must also be acknowledged that it proceeds in some degree from the nature of the taxes which have lately been imposed. These, in order to render the war less obnoxious, have been laid in such a manner as to cause the least immediate pressure on the poorer part of the people. Now

as

as this class constitutes the great bulk of the nation (and if the present war continues is likely to constitute a much greater) it is obvious that a tax which is not immediately paid by them can never be efficient. Such taxes as those for licences to wear hair-powder, to kill game, &c. may do to fill up the column of ways and means in a Minister's budget, but their produce, compared with the serious magnitude of the public exigencies, must always be trifling and contemptible. Our difficulties are great, and are daily becoming greater. The only way to surmount them is, by meeting them fairly, and by being made sensible, by the strong measures which they really require, of the danger with which they threaten us. Instead of this manly conduct, the hopes of the nation are buoyed up by delusive representations of its wealth and prosperity.\* The public

\* There cannot be a more convincing proof of this than the exaggerated computations of the Chancellor of the Exchequer in regard to the probable future amount of the revenue, when he opens his yearly, or rather his *half yearly* budget to the House of Commons. The grounds upon which some of those computations are founded, are very curious. Thus, in February last, although the produce of the permanent taxes had gradually diminished for the three preceding years, he takes the

public are taught to believe that a tax upon the most insignificant articles will prove to be an important branch of the revenue. Hence a multitude of these taxes are levied, a multitude of new officers become necessary to collect them; thus influence increases and the revenue fails, and the deficiencies being blended with the supplies of the next year, are not only overlooked, but by increasing the amount of those supplies, are perverted even into a proof of the flourishing state of the country: for the circumstance of being able to raise a large loan has constantly been adduced as an argument in

the *mean* of those taxes for four years as the probable amount of their produce in the following year; and in December last, notwithstanding the experience of the former half year had proved his suppositions to be wrong and that the revenue was still diminishing, he again takes the *mean* of the three foregoing years as the probable amount of the taxes in the ensuing year. It is hardly necessary to observe, that the plain way would have been, to have deducted the average of their deficiencies in the three preceding years from their amount in the last year, and taken the *remainder* as the probable amount of their produce in the next year. But this method of computation, by lessening the present revenue, would have rendered it necessary to have increased the number of *new* taxes; and therefore another species of arithmetic was adopted, less accurate, indeed, in its principle, but much better suited to the purposes of a minister of state.

favour of the greater ability of the nation to bear it. The competition of rapacious loan-mongers to share in the spoils of the country, supported by the fictitious credit of paper money, may perhaps enable the Minister to triumph in the facility with which the public debts are accumulated, and the temporising expedient of ineffectual taxation may serve him as a proof of our inexhaustible resources to provide for those taxes: but a system founded upon delusion must end in disappointment and ruin. It was the boast of a French minister of finance, that the American war was carried on during his administration without imposing a new tax upon the French people, and it was this very circumstance which produced the revolution. He borrowed immense sums annually, and endeavoured to provide for them by the ineffectual means of œconomy; for in that country taxation had then arrived at its limits.\* A system of œconomy under a government which existed by corruption necessarily failed. New loans became

\* Very nearly including the expences of collection to 30 millions sterling.

necessary to pay the interest of former loans. The mass of debt continued to accumulate, till at length it overwhelmed public credit and buried the government in its ruins. With such an awful warning before us, ought we not to pause? Our resources are not inexhaustible, nor is our credit unbounded. During the last 40 years, the national debt has been increased 300 millions, and at this very moment it is increasing faster than ever. With two loans in one year, amounting to 36 millions sterling; with a loan also in the same year to our ally, the Emperor, of £.4,600,000, and with an addition to the navy debt of one million and a half, the whole supplies for the next campaign still remain unprovided! The extravagance of Lord *Chatham's* administration, in the seven years war, was long the subject of animadversion, till it was succeeded by the greater extravagance of Lord *North's* administration in the American war. The enormity of public profusion was now supposed to have attained its highest point, and provoked one of the best patriots which this or any other country ever produced, to express his sentiments of it in the following words:

“ I have in this edition inserted a brief  
 “ history of the sinking fund, and also a  
 “ particular account of the increase of the  
 “ public debts from 1776 to 1783, and of  
 “ the state of our finances at the time of sign-  
 “ ing the preliminaries of peace. This ac-  
 “ count is, I believe, as correct as it is pos-  
 “ sible at present to make it ; and I have  
 “ chosen for many reasons that it should  
 “ form a part of this work. Hereafter,  
 “ probably, it will be read with amaze-  
 “ ment. Our folly, in this instance, is  
 “ without example. Lord *North* enjoys the  
 “ singular distinction of having contributed  
 “ more to it than any former minister. By a  
 “ war which has degraded the kingdom, and  
 “ a dissipation of treasure which was never  
 “ equalled, he has, in the short compass of  
 “ seven years, doubled a debt before too  
 “ heavy to be endured ; and let future ge-  
 “ nérations rise up, and, if possible, let them  
 “ call him—*blessed*.”\* Had Dr. *Price* lived  
 to have witnessed the profusion of the last

\* Dr. *Price's* Preface to the 4th edition of his *Treatise on Reversionary Payments*.

three years, he would have retracted, or at least he would have moderated a part of this censure; for Lord *North* no longer enjoys the distinction of being the most extravagant minister that has ever afflicted this country.

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There is a very small pond in the  
middle of the garden, and it is  
very deep, and the water is very  
clear, and the fish are very  
large, and the water is very  
warm.







